

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 79-42-E and 81-166-E - ORDER NO. 82-402

June 17, 1982

IN RE: Supplemental Application of Carolina)
Power & Light Company under Article)
13, Chapter 27, of Title 58, of the) ORDER
Code of Laws of South Carolina, 1976,)
to Issue and Sell Securities (Nuclear)
Fuel Trust Financing)

This matter comes before the South Carolina Public Service Commission (the "Commission") by way of verified Supplemental Application, filed on May 28, 1982, by Carolina Power & Light Company (the "Company") wherein approval is sought to amend the nuclear fuel trust financings approved by this Commission in its Orders Nos. 79-88 and 81-335 wherein the Company received authority to sell and lease back \$100,000,000 of nuclear fuel pursuant to two \$50,000,000 nuclear fuel trust financing arrangements. In Order No. 81-749, after notice and hearing, approval was granted for utilization of the nuclear fuel contained in Robinson Unit No. 2 for each of the nuclear fuel trust financings.

The Company is a corporation organized and existing under the laws of the State of North Carolina, with its principal office at 411 Fayetteville Street, Raleigh, North Carolina, where it is engaged in the business of generating, transmitting, distributing and selling electric power and energy, and is a public utility under the laws of that State and in its operations in that State is subject to the jurisdiction of the North Carolina Utilities Commission. It is duly domesticated in the State of South Carolina and is authorized to conduct and carry on business and is conducting and carrying on the business heretofore mentioned in this State. It is also a public utility

under the laws of the State of South Carolina and, in its operations in this State, is subject to the jurisdiction of this Commission.

On February 21, 1979, the Commission issued Order No. 79-88 in Docket No. 79-42-E approving a Nuclear Fuel Trust Financing which authorized, inter alia, the creation of Carolina Resources Trust to provide up to \$50,000,000 for the purpose of financing a portion of the Company's nuclear fuel requirements under terms and conditions further described in said Order.

On May 12, 1981, the Commission issued Order No. 81-335 in Docket No. 81-166-E approving a Nuclear Fuel Trust Financing which authorized, inter alia, the creation of Carolina Power Fuel Trust to provide up to \$50,000,000 for the purpose of financing a portion of the Company's nuclear fuel requirements under terms and conditions further described in the Order.

On November 6, 1981, the Commission issued Order No. 81-749 authorizing the utilization of the nuclear fuel contained in Robinson Unit No. 2 in each of the two nuclear fuel trusts previously approved.

The two fuel trusts are substantially similar in structure and concept. However, according to the verified Supplemental Application the more recently created Carolina Power Fuel Trust arrangement has proved to be more beneficial to the Company for the following reasons:

The Letter of Credit Fee is $1/2$ of 1% under the Carolina Power Fuel Trust compared to $5/8$ of 1% under the Carolina Resources Trust;

The marketing efforts of the Dealer, Merrill Lynch Money Markets, Inc., and the direct guarantee by the Company of the commercial paper issued by Carolina Power Fuel Trust have resulted in a greater market acceptance of that Trust's commercial paper, resulting in interest rates averaging about 18 to 20

basis points below the rates on Carolina Resources Trust commercial paper;

The Carolina Power Fuel Trust contains an option in Section 10.1(b) of the Credit Agreement to amend the basic documents to provide additional protection to purchasers of the Trust's commercial paper as may be necessary to maintain the highest commercial paper rating.

The Company asserts that it has been unsuccessful in its attempts to negotiate all of these more favorable terms with Security Pacific National Bank, the Credit Bank under the Carolina Resources Trust arrangement. Therefore, subject to the approval of the North Carolina Utilities Commission and the Public Service Commission of South Carolina, the Company proposes to terminate Carolina resources Trust and finance up to \$100,000,000 of nuclear fuel assets through Carolina Power Fuel Trust.

Further the Supplemental Application states Manufacturers Hanover Trust Company, the Credit Bank under the Carolina Power Fuel Trust arrangement, has agreed to increase its commitment from \$50,000,000 to \$100,000,000 under the terms of the original Carolina Power Fuel Trust, provided that the Letter of Credit Fee on the second \$50,000,000 of commercial paper outstanding shall be .57%.

The Company states that it believes that this transaction is in the best interest of the public and of the Company because the financing of the entire \$100,000,000 of nuclear fuel assets by Carolina Power Fuel Trust will produce an annual savings of approximately \$120,000 in commitment fees, interest costs and elimination of duplicate fees for ratings, trusteeships and administration of nuclear fuel financing.

The Company estimates that it will not incur expenses in excess of \$10,000 with respect to the consummation of this transaction.

FINDINGS AND CONCLUSIONS

Upon a review and study of the verified Supplemental Application, its supporting data and the other information in the Commission's files, the Commission is of the opinion and so finds that the Company is a public utility subject to the jurisdiction of this Commission with respect to its rates, services and securities issues and that the proposed transaction is:

- A. For a lawful purpose and is within the corporate purposes of the Company;
- B. Compatible with public interest;
- C. Reasonably necessary and appropriate for and consistent with the proper performance by the Company of its service to the public; and
- D. Will not impair its ability to perform that service; and
- E. Reasonably necessary and appropriate for such purposes.

IT IS THEREFORE ORDERED THAT:

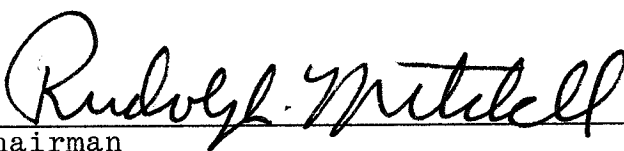
1. Carolina Power & Light Company be, and it hereby is, authorized, empowered and permitted under the terms and conditions set forth in the Supplemental Application to terminate Carolina Resources Trust and to increase the amount permitted to be financed pursuant to the Orders Nos. 81-335 and 81-749 of this Commission in the Carolina Power Fuel Trust to \$100,000,000 as further described in this Order and in the verified Supplemental Application, and to execute such instruments, documents and agreements as shall be necessary or appropriate in order to effectuate such transactions.

2. Manufacturers Hanover Trust Company and First Union National Bank of North Carolina shall not be subject to the jurisdiction of this Commission nor shall either of them be deemed a "public utility" within the meaning of Chapter 27, Title 58, of the Code of Laws of South Carolina, as amended, as a


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result of entering into the transactions described hereinabove.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)